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Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE v.5

## PAID UP OIL AND GAS LEASE (No Surface Use)

THIS LEASE AGREEMENT is made this \_/ f \_ day of \_ Tune , 2008, by and between <u>HARVEY AVENUE BAPTIST CHURCH INC.</u> A TEXAS CORPORATION whose addresss is 1257 E. HARVEY AVENUE FORTWORTH TEXAS 76104

as Lessor, and, <u>DALE PROPERTY SERVICES, L.L.C., 2100 Ross Avenue, Suite 1870 Dallas Texas 75201</u>, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

ACRES OF LAND, MORE OR LESS, BEING LOT(S) 4R, BLOCK 3 OUT OF THE HIGHLAND PARK ADDITION, AN ADDITION TO THE CITY OF FORT WORTH, TARRANT COUNTY, TEXAS, ACCORDING TO THAT CERTAIN PLAT RECORDED IN VOLUME 388-106, PAGE 29, PLAT RECORDS, TARRANT COUNTY, TEXAS

in the County of <u>Tarrant</u>, State of TEXAS, containing <u>.336</u> gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of FOUR (4) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be <u>Twenty -Five (25%)</u> of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be Twenty-Five (25%) of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder, and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled merewith are capable of either producing oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shuting or production there from is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production there from is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production there from is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render. Lessee liable for the amount due, but shall not operate to terminate this lease.

lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee is failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. Except as provided for in Paragraph 3. above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, o

leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "foil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal compo

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in

at the leased premises or lands pooled therewith shall be reduced to the proportion that Lesson's interest in such part of the leased premises.

1. The interest of either Lesson or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective helps, devisees, executors, administrators, successors and assigns. No change in Lesson's ownership shall have the offect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the salisfaction of Lessee or until Lesson has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the depaid of any person entitled to short-in royalties to require the redit of decedent or decedent's estate in the depository designated above. If all any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, elither jointly or separately in proportion to the Interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereatter arising with respect to the transferred interest, and failure of the transferree to satisfy such obligations with respect to the transferred interest, and failure of the transferree in proportion of the area covered by this lease, the obligation to pay or tender shut-in royalties because its and failure of the transferree in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessee and the fransferee in proportion to pay or tender shut-in royalties hereunder. It less than all of t

The sare releases all or an individed interest in less than all of the area covered hereby, I essee's obligation to pay or tender shut-in royalites shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, printicing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in planary and/or enhanced recovery, Lessee shall have liter right of largess and egress along with the right to contact such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the fulfilling of wells, and the construction and use of roads, canals, pletines, takes wells, disposal wells, injection wells, pibls, electric and telephone these, power stations, and other facilities deemed necessary by Lessee to discover, produce, sione, treat and/or transport production. Lessee may use to such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or intributed apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial released or other partial entiration of this tease, and (b) to any other lands in which Lessor owe or hereafter has authority to grant auch rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in which Lessor's consent, and Lessee shall bury its pipelines below orthony plow depth on cultivated lands. No well shall be located less than 200 feet from any house or burn now on the feased premises or such other lands used by Lessoe in the feased premises or such other lands used by Lessoe in the feased premises or such other lands used by Lessoe in the feased premises or such other lands used by Lessoe in the fease of the fease which the lease of the fease which the remains

and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the tease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No tiligation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee will be only if Lessee shalls to remedy the breach or default, within such period. In the event the matter is tiligated and there is a final judicial determination that a breach or default has occurred, this tease shall not be forfetted or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee falls to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of fand and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royally or other tracts of fand and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royally or other tracts of fand and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royally or other tracts of fand and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royally or other leases. It essee a keep to be a surface of the leased of the respect to the region of the leased premises for diffling or other operations.

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17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Leasor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Nature party to this lease will seek to after the terms of this transaction based upon any differing terms which Lessoe has or may negotiate with any other lessors foll and one are assurances.

which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this tease is executed to be effective as of the date first written above, but upon execution shall be blinding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor. LESSOR (WHETHER ONE OR MORE) Chris Petty, Trustee, Harvey Avenue Baptist
Leo Williams St. Trustee Harvey Avenue

100 Williams St. Trustee Harvey Avenue Overtow, Trustee By Avenue By A RXGS CONSTRUCTION STATE OF Texas

COUNTY OF TOWNY

This instrument was acknowledged before me on the 18 day of Towne

by: B. L. Bogurs, Pastor, Harvey Avenue Baptist Choruly, A Texas Corporation JARWIN K. JCOTT Julety Public, Stere of Taxes My Commission Expires -Notary Public, State of Company \$1, 2010 Notary's name (printed): Notary's commission expires: STATE OF STATE OF rex 15

COUNTY OF FILLSNE

This instrument was acknowledged before me on the 18 day of JUNE 2008,

by: Roderick Overtow, Trustee, Harvey Avenue Boptist Church, A Texas Cosposation

\_\_\_\_ Notary Public, State of Notary's name (printed): Notary's commission expires

WARM IN SCOT Programme Transport Commission Expires
Optiobar 31, 2010 STATE OF Tours of Tarry III Tustee, Howey Avenue Baptist Church, A Teres Corporation

STATE OF Tours of Tarry III Tustee, Howey Avenue Baptist Church, A Teres Corporation

Notary's commission expires:

STATE OF Tours of Texas

Ociocal 3: 2016

Notary's commission expires:

Notary's commission expires:



## DALE RESOURCES 2100 ROSS AVE # 1870 LB 9

**DALLAS** 

TX 75201

Submitter: DALE RESOURCES LLC

## SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

## DO NOT DESTROY WARNING - THIS IS PART OF THE OFFICIAL RECORD.

Filed For Registration: 06/26/2008 06:44 AM
Instrument : D208244933
LSE 4 PGS \$24.00

By:

D208244933

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